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GUIDELINES FOR OPTIONS AND STRATEGIES

by

Joseph S. Slavet

Prepared for the John W. McCormack
Institute of Public Affairs

December, 1983

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I. OVERVIEW OF HOUSING PROBLEM

Most of the recent analyses of Boston's housing problem reveal a complex and contradictory mix of positive trends and negative factors, clouded by a growing percentage of poor and near-poor resident households in the City and declining commitments by the federal government to housing, particularly for subsidies of new housing production.

That Boston's housing problem, unlike that of many other large cities, is of manageable proportions, however, is attributable mainly to the following demographic trends and forecasts that are not likely to exacerbate the problem and that many even ease some of the most serious current and future pressures of housing demand:

1. The 12 percent decline in 1980 population over 1970 and a projected decline in the total number of City residents to under 450,000 by the year 2000, assuming an average household size of 2.0 persons and no net increase in the overall housing supply.
2. The anticipated stabilization over the next two decades in the City's total number of resident households at the 220,000 level and the continuing contraction in average household size that will increase the number of one-and two-person households in Boston to 70 percent of the total, as compared with 58 percent in 1970.

Moreover, the City's housing stock, despite the diverse pattern of its structural and maintenance conditions, neighborhood disparities in relative market strength and varying vulnerability of subneighborhoods to resident displacement, is characterized by a number of favorable elements that can be used as catalysts for revitalizing many of Boston's residential neighborhoods.

1. Over half of all the City's housing units are in one- to four-family residential structures, three-fourths of which are owner-occupied.
2. Many of the rental units in the owner-occupied two- and three-family structures have relatively moderate rent levels because the long-term owners have paid off their outstanding mortgages and/or their tenants have lived there for relatively long periods of time, often under symbiotic landlord-tenant arrangements.
3. Revaluation, property tax classification and property tax limitation have combined to reduce residential tax bills by 40 percent or more over 1981, thereby helping to restore the depressed market values of the 1960's and early 1970's and to stabilize rents.
4. In many neighborhoods of Boston, particularly those with large concentrations of minority households, the private housing stock (especially the multifamily rental housing) is under-utilized and under-maintained, containing a relatively large proportion of vacant and/or abandoned units that can be recovered to accommodate part of the City's housing demand.
5. Most of the 4,000 vacant and/or boarded-up units in family housing developments owned by the Boston Housing Authority (accounting for 25 percent of such developments) can be salvaged as decent, safe and sanitary dwellings through accelerated rehabilitation and modernization with the federal and state funding sources authorized for these purposes over the past few years.
6. Recent revisions by the City's Neighborhood Development and Employment Agency (NDEA) in allocations, subsidy formulas, and program distribution for housing rehabilitation (during its eight years of program operation, about 20,000 residential structures containing over 40,000 dwelling units will have benefitted

from rehab subsidies financed from Community Development Block Grant funds) will not only increase the overall annual allocation for housing rehabilitation by 25 percent (to \$12.5 million), but target the deeper-subsidy rebates and home loans to the critical priorities of tenants and minority households.

Since the weakest housing markets in Boston are the racial ghettos of the City, minority housing demand, particularly of single-headed households with children, and the restricted access of minority households to housing and neighborhood choice and to housing credit and financial sources, requires special attention. Boston's minority residents, accounting for about 30 percent of the City's total population, increased by 32 percent during the seventies while minority households increased by 38 percent. Despite the overall decrease by one-third in the number of resident households with children during the seventies (there were 60,000 fewer children living in Boston in 1980 than in 1970), the number of minority households with children had gone up and the 59,000 minority children in Boston in 1980 represented over 48 percent of all children in the City under 18 years of age.

Housing affordability, keeping rents and housing costs within reasonable standards of income capacity, has become a particularly pressing issue for an increasing percentage of Boston households. Over half of all households in Boston pay 25 percent or more of their income for rent. This is a problem mainly for households with less than \$15,000 in annual income who live in private, unsubsidized housing. Although 26 percent of all renting households in Boston (occupying over 48,000 housing units) benefit from public subsidies that keep rents affordable, the federal government has sharply reduced housing subsidies, largely eliminating their utilization in newly-constructed developments and confining them to existing and/or rehabilitated housing. Local government capacity to deal with the affordability issue is extremely limited and subsidies available from the Commonwealth to make housing costs more affordable are in short supply.

Homelessness, particularly of single persons who do not qualify as elderly or handicapped, has also emerged as a critical housing issue in Boston, but with the State assuming the primary responsible role since the problem is statewide in nature. The emergency shelter and permanent housing needs of the homeless in larger older cities have pyramided over the past few years, as unemployment has climbed, rates of chronic alcoholism have increased, deinstitutionalization of mental health patients has been implemented with inadequate attention to the shelter consequences of this policy, individuals and families on public assistance have been deprived of housing because of rent allowances that have lagged behind rising costs, and state welfare policies have rendered non-elderly single persons ineligible for income maintenance, including rent stipends.

On such housing issues as affordability and homelessness, the City's primary responsibility is to advocate vigorously at the state and federal decision-making levels, to provide leadership in development and encouragement of public-private partnerships and intergovernmental codicils that focus on these kinds of housing questions, issues with deep economic and social roots.

II. KEY HOUSING PROBLEM AREAS

1. There is a constant demand for better and more affordable housing by coupled and single-parent families with children, especially those from minority groups, most of whom are well below the City's median family income.
2. Demand for home ownership under affordable mortgage arrangements by younger, moderate-income households is increasing.
3. Demand for moderately-priced rental accommodations and condominiums by

empty nesters, childless couples and smaller households consisting of unrelated adults is particularly heavy.

4. There is a growing concern for the emergency and permanent shelter needs of relatively large numbers of homeless individuals and households.
5. Housing conditions in Boston are least favorable for tenants of privately-owned residential buildings containing six or more dwelling units.
6. By and large, minority households in Boston live in housing of poorer quality than white households, but Charlestown, the North End, South Boston and South Dorchester also have significant concentrations of deteriorating housing.
7. There are over 800 vacant residential buildings in Boston, including an unknown number of owner-abandoned structures, in which almost 1500 dwelling units were deemed structurally sound and rehabilitable.
8. Conditions in two major categories of multifamily rental housing--public housing and publicly-subsidized private housing--are of particular concern because of their relative importance as housing accommodations for low- and moderate-income households. (They contain over 48,000 dwelling units, over half of which are occupied by black, Hispanic, or Asian households.)
9. There are about 4,000 vacant and/or boarded-up units in family housing developments owned by the BHA that will not become habitable or available for occupancy until reconstruction of entire developments, extensive rehabilitation of individual vacant units, and/or less intensive improvement of existing vacancies improve living conditions, which may take another decade to complete.

10. There is a growing apprehension over the physical deterioration and financial difficulties of over 30 federally-subsidized private multifamily housing developments containing up to 5,000 dwelling units because they may have to be repossessed by HUD and resold without guarantee of current rents and tenant rights, thereby significantly reducing the existing supply of housing for low- and moderate-income households, particularly minority households in North Dorchester, Roxbury, and the South End.
11. Despite the expenditure of almost \$37 million for rehab subsidies from CDBG funds for owner-occupied housing, only 12 percent of these improvement incentives have gone to minority owners.
12. Since three out of four households in Boston would be eligible for Section 8 rental subsidies, they cannot afford rents in excess of \$250-350 per month, which is far below the rental levels required for rehabilitating housing at market loan rates.
13. Although the high proportion of owner-occupancy is a major strength of Boston's housing stock, minority households have not shared equitably in home ownership. (Only 18 percent of the owner-occupied units in Boston have minority heads of household as contrasted with the minority household proportion of 30 percent.)
14. Lower-income households are particularly vulnerable to displacement stemming from gentrification and competing uses for urban space not subject to public land use and environmental controls.
15. Housing discrimination in the Boston housing market because of age, sex, race or household characteristics is widespread, severely restricting freedom of choice in housing.

16. Access to housing for minority tenant households is limited by failures of subsidized developments in suburban communities and within Boston to meet minority occupancy goals, while access to housing for existing and prospective minority homeowners is limited by relatively low rates of mortgage approvals in Boston neighborhoods with high proportions of minority households.

III. BACKGROUND AND CONTEXT OF CURRENT HOUSING PROBLEMS

Urban stagnation and turbulence, the roller-coaster trends in the national and local economy and the vicissitudes of national, state and local public policies have all left their mark on Boston's residential neighborhoods and housing markets. The emergency measures taken after World War II to cope with the unprecedented demands for housing of recently-discharged veterans, exacerbated by continuing migration of households from the central city to the suburbs, brought a flurry of federal, state and municipally-sponsored public housing, basic modernization and upgrading of the City's smaller residential structures, and the development of large numbers of conventionally-financed apartment buildings. This was followed by temporary economic doldrums, unanticipated neighborhood demographic shifts in which race became a dominant reality, and the subsequent emergence of national large-scale and aggressive initiatives during the sixties to curb the physical and social deterioration of inner-city neighborhoods.

Boston's response to the new opportunities of public policy--taking full advantage of urban renewal, assisted-housing production and housing rehabilitation--began to reshape the occupancy patterns and market strengths of residential neighborhoods. By mid-1975, however, except for continuing growth in the City's subsidized housing stock, Boston's housing future looked bleak. Failure of a number of local initiatives during the

sixties and early seventies not only cooled the ardor of local financial institutions to play significant roles in Boston's housing markets but contributed to official attitudes that bold housing policies were counterproductive and of minimum political advantage.

Participation of large insurance companies in rebuilding inner-city neighborhoods following urban riots in Boston and elsewhere turned out to be a no-win, one-shot discouraging effort. BBURG (the Boston Banks Urban Renewal Group), a mortgage pooling system among local thrift institutions to provide HUD-insured loans in distressed areas of the City including urban renewal project areas, led to so much unfavorable publicity for local banks that some of them continue to avoid making insured loans in these neighborhoods, and their financing role has been taken over by non-banking lending institutions. The legacy of Infill Housing, designed as an innovative program to develop small residential structures on vacant lots generated through urban renewal demolition, housing abandonment and normal attrition, still mars the landscapes of minority neighborhoods and vacant lot eyesores adversely affect perceptions concerning neighborhood desirability.

Since 1970 there has been growing frustration of local political leadership with the unforeseen negative consequences of public investments in housing--management deficiencies and physical neglect in public housing, complicated by major changes in tenant occupancy and acknowledged powerlessness of the tenant constituency to effect improvements; an increasing number of mortgage defaults, assignments or foreclosures in the large inventory of publicly-assisted multifamily rental housing (this had exceeded the total number of public housing units); and the eroding effects on conventionally-financed private rental housing of rent regulation, inflation and high interest costs. By 1975, Boston was experiencing relative stagnation in its housing markets. Residential property values in the strongest neighborhood were barely able to keep pace with inflation while those in transitional and weak housing markets seemed to face an uncertain future.

After 1975, however, and continuing until the present, a turnaround in market forces began to alter future housing prospects, and Boston's relatively under-valued housing stock of smaller residential structures became increasingly attractive, particularly to newer, smaller households. Other forces, including inflation, fueled this demand--a growing interest in homeownership, as a hedge against inflation and as a form of tax shelter; the stimulus of property tax reductions resulting from property tax limitation, classification and revaluation; and the growing attractiveness of condominiums as a housing tenure. Also stimulating renewed confidence in many of the City's housing markets were Housing Improvement Program grants that leveraged large amounts of private investment in the upgrading of owner-occupied structures of one to six dwelling units.

As the City moves further into the eighties, however, even the favorable trends in Boston's housing markets may turn out to be a mixed blessing, particularly for households whose income, minority status, age, health and other characteristics weaken their capacity to compete effectively for decent, affordable housing. Offsetting the narrow perspective of national housing policy and the current inclination of the national administration to curtail its financial and institutional involvement in housing production and assistance for households of low and moderate income, however, is the heightened optimism attributable mainly to the stronger signs of commitment from the Commonwealth, the City and the private sector for resolving housing issues and to the recent downward trends in inflation and interest costs that should encourage more financial participation by the private sector in housing and neighborhood rehabilitation.

IV. HOUSING POLICY OPTIONS AND STRATEGIES

What emerges from the mix of positive signals and clouded uncertainty identified in this analysis of Boston's housing is a basic conclusion that the City's housing problem,

unlike that of many other larger cities of the nation, is of manageable proportions, and that most of the City's housing stock that are in difficulty can be restored to livable and decent shape by the year 2000.

This optimistic prediction is strengthened by the following assumptions:

1. The momentum of restored confidence and rising housing markets in many Boston neighborhoods, spurred by the growing preferences of smaller households for urban housing and by the dramatic reduction in residential property taxes brought about by revaluation, classification and Proposition 2½, can be sustained and extended to neighborhoods still plagued by weak demand.
2. Many of the City's priority housing demand--families with children, particularly minorities; lower- and moderate-income smaller households, including the homeless and nontraditional adult households; and households desiring to become first-time owners--can be satisfied by restoring deteriorated and vacant housing (private and public) through the imaginative deployment of combinations of public subsidies and private financial participation, with minimum displacement of existing households, and through small-scale development of manufactured housing.
3. A new pattern of State commitment to the salvaging and upgrading of existing housing not only became evident over the past few years, but is being gradually expanded into new State initiatives for offsetting to some extent the declining level of housing investment by the federal government and for reestablishing the State's historic leadership role in certain neglected areas of housing need.
4. Harnessing of latent private interest in Boston's housing problem by (a) establishment of the Boston Housing Partnership, a joint public-private mechanism that is

pooling together a variety of public and private resources and commitments to restoration of 500 deteriorated housing units, and (b) implementation of recommendations in the recent report of the Mayor's Advisory Committee on the Linkage Between Downtown Development and Neighborhood Housing, indicate a fresh burst of City leadership, and greater private institutional and financial participation in resolving some of the City's housing problems.

Below is a tentative agenda of more specific housing policy options for consideration, proposed strategies that are illustrative in nature, not designed as an all-inclusive program of action:

1. Acceleration and expansion of current efforts by the Boston Housing Authority to redevelop state- and federally-aided family developments, to effect apartment improvements and modernization of basic systems at developments not designated for complete reconstruction, and to reduce vacancies through a variety of fix-up approaches, thereby recovering upwards of 4,000 rental housing units for occupancy by low-income households more quickly than current schedules indicate.

To expedite such acceleration and expansion, the following decisions are required:

- a. State legislative authorization of public housing modernization loan funds in December, 1983 (additional funds total \$75 million, of which an estimated \$41.5 million is allocated to Boston) to finance Phase II reconstruction of the West Broadway development (South Boston), to continue and initiate modernization and vacancy rehabilitation in other state-aided family developments, and to continue and initiate large-scale redevelopment of such federally-assisted family developments as Cathedral (South End), Bromley-Heath (Jamaica Plain), and Mission Hill Extension (Roxbury).

- b. Amendment of state legislation now authorizing conversion of state-aided public housing to MHFA-subsidized mixed-income developments (with so-called Chapter 884 funds) to extend the scope of enabling legislation to federally-assisted developments so that federal turnkey funds for rehabilitation may be coupled with Chapter 884 funds. (The BHA received a special appropriation of \$19.2 million for vacancy rehabilitation from HUD in 1983 that guarantees the restoration of some 900 vacant secured units at the following federally-assisted developments--Mission Main, Orchard Park, Washington-Beech, Franklin Hill and Charlestown--in addition to \$4.7 million for turnkey funding of the Cathedral development and \$20.4 million for turnkey funding of Mission Hill Extension and Bromley-Heath.)
2. New initiatives by the Massachusetts Housing Finance Agency (a) that would substantially increase the proportion of its available resources to housing with two or more bedrooms, thereby meeting some of the growing demand of families with children in Boston and other cities and towns, (b) that would link MHFA single-family mortgage funds with CDBG loan and grant funds and HUD funds under Section 235 for the encouragement of inner-city and/or minority homeownership through the upgrading of small residential structures and the development of new manufactured or factory housing on available publicly-owned land, and (c) that would expand subsidized facilities for single-room occupancy and for unrelated low-income individuals, congregate housing for the elderly, limited equity co-operative housing for lower-income households, and residential centers for groups with special housing needs.
3. A more active role by MHFA in helping troubled HUD-assisted private multi-family housing developments avoid forced sale and potential dislocation of thousands of affected lower-income tenants.

4. Expansion by the Boston Housing Partnership of its private rental housing recovery program, but with greater flexibility in the original program design that would include a variety of development-management models (private as well as non-profit mechanisms), while studiously avoiding the mistakes of past similar efforts such as BURP (1968) in building selection and quality of rehabilitation production.
5. Expansion of NDEA's rehabilitation demonstration program, currently planned for Highland Park (Roxbury) and Meetinghouse Hill (South Dorchester), a national HUD experiment involving the set-aside of CDBG rebates and reduced-interest loan funds by the City, MHFA set-aside of its own unrestricted funds in interest-bearing deposits, and HUD allocation of Section 8 rental certificates for the rehabilitation of multifamily housing by private developers. Under the proposed program expansion, private or non-profit developers would be encouraged through a bundle of incentives, including State Land Bank Mortgage loans, secured loans and reduced-interest loans and available equity grants and housing voucher set-asides by HUD, to rehabilitate available smaller structures of three or more units, as contrasted with the larger residential buildings to be rehabilitated under auspices of the Boston Housing Partnership, with a view to achieving economies of scale in the cost of wages, equipment and materials by rehabilitating concentrations of properties within residential blocks or on nearby streets.

A new provision of the recently enacted federal housing law, which creates a \$615 million fund for private development and rehabilitation of rental housing, provides separate financing for this two-year initiative. Available funds, including a reservation of 20 percent for low-income tenants, will cover one-time grants rather than long-term subsidies. Since the grants are designed as modest incentives to

encourage private development, they are likely to be awarded to public-private models of housing partnerships with creative proposals for pooling financing resources.

6. Continuing the revisions in CDBG housing program subsidies implemented in 1983: eliminating the citywide shallow subsidy (20 percent), targeting the deeper-subsidy rebates and home loans to subneighborhoods, establishing new priorities in housing improvement for tenants and minority households, eliminating the owner-occupancy and six-unit maximum requirements, reducing the outlays for housing program operation and administration thereby freeing up funds for program subsidy, tightening up program operation by eliminating reentry of owners to subsidies, reducing the number of over-income subsidy recipients, making tax-delinquent owners ineligible for subsidies, and expanding the variety of models and approaches in the homesteading program.
7. Implementing the development linkage fees and excises and the collateral mechanisms proposed by the Mayor's Advisory Committee in October, 1983, including the Development Impact District fee, the Neighborhood Impact excise, legislative changes to streamline the development-permitting process and to provide tax incentives for residential development benefitting low- and moderate-income households, and the Neighborhood Housing Trust.

V. STRUCTURAL IMPLICATIONS AND RESOURCE ISSUES

Although the planning, development, operation, financing and regulation of housing in Boston and other cities has historically been characterized by complex intergovernmental arrangements and by an ever-changing private-public mosaic, the reduced and more limited housing role of the federal government, shorter-term and

smaller amounts of federal housing subsidies, greater involvement of state and municipal governments and of the private sector in housing, and new links between housing and other forms of development, especially job-related activities and mixed-use projects, suggest that particular attention be given to the strengths and weaknesses of Boston's housing services delivery system as revealed by recent operating experience.

Boston is seemingly blessed with an array of municipal agencies that either have broad-based community development responsibilities (including housing), general or specialized housing missions, or regulatory and/or taxation functions that impact on all real property, including housing.

The Boston Redevelopment Authority, for example, has a wide range of planning, zoning, development, renewal and tax agreement powers that are granted by state law and/or local ordinance or are residual responsibilities in urban renewal derived from the National Housing Act and state statutes--general planning, neighborhood planning, zoning administration, economic research, renewal project planning and development, special project planning and development, transportation planning, design review of physical development and tax agreements for limited dividend development corporations. It also once had but relinquished roles in housing policy and tax policy research. The BRA director also serves as Deputy Mayor for Development under Mayoral designation.

The Boston Housing Authority plans, develops and operates housing projects under provisions of state and federal law and leases existing private housing through the use of state and federal rental certificates. It is under temporary direction of a Receiver-Administrator responsible under a court decree to a State Superior Court Justice.

The Mayor's Office of Housing and Development serves as the Mayor's staff arm for housing policy formulation and coordination, mainly through specific task assignments rather than in accordance with a formal statement of jurisdiction and mission. It

is an umbrella agency, providing general directions for CDBG policy development, coordinating such policy initiatives as rent control and condominium conversion and participating in inter-agency housing program development.

The Neighborhood Development and Employment Agency (NDEA) has a mixed mission of policy/program formulation and program implementation covering neighborhood planning and development. NDEA is HUD's certified local agency for dispensing of Community Development Block Grant Funds, having given assurance that it has the legal authority to make a CDBG grant submission and to execute a community development and housing program. The Mayor's Office of Housing, the City's major housing rehabilitation agency, has become an operating division of NDEA under a letter of authorization from the Mayor to HUD. A multimillion dollar organization, NDEA does not operate under a specified state or municipal legal mandate, however.

NDEA recently assumed leadership for preparation and submission to HUD of a neighborhood housing project to be partially financed with a \$3.5 million Urban Development Action Grant to supplement \$12.9 million in private funds for rehabilitation of a number of vacant and abandoned buildings, private and City-owned (5 surplus schools and a surplus municipal building), into 266 housing units plus related commercial space.

NDEA also served as the City catalyst for establishment of the Boston Housing Partnership, a private-public effort to stimulate housing initiatives, and provided \$1 million in seed money to launch rehabilitation of 500 deteriorated rental housing units.

NDEA finances through CDBG funds the boarding and/or demolition of abandoned buildings, a function important to the recovery of buildings for residential use and for eliminating pockets of blight that adversely affect the viability of residential neighborhoods.

The Inspectional Services Department of the City is responsible under state law for enforcing safety and health codes applicable to new construction, alterations and repairs and occupancy/maintenance of all buildings, and thereby impacts on housing conditions in a fundamental way.

The Real Property Department has the statutory mandate to manage and dispose of tax-foreclosed property, and its real estate and vacant land inventory has important implications for initiatives to salvage deteriorated housing and/or develop new housing.

The Public Facilities Department has two statutory responsibilities that impinge significantly on housing problems and opportunities: (1) its central role in acquiring municipal buildings and disposing those no longer needed for public purposes, such as surplus schools and other structures that may be converted to residential use; and (2) its central responsibility for the City's capital improvement program, the actual leadership for which passed to the Mayor's Office of Fiscal Affairs, an agency that is now in limbo because it lacks an operating budget and has lost its administrative head.

The Rent Equity Board, responsible for annually determining general rent adjustments for rent-controlled housing, for ruling on tenant grievances seeking rent reductions covering decontrolled units, and for issuing certificates of eviction, administers the City's rent control/condominium conversion control ordinance. Thus the Board not only regulates condominium development initiatives that threaten the displacement of existing tenants, but its policies and decisions shape the scope and substance of condominium ownership, a new form of housing tenure that is changing the physical and occupancy patterns of several neighborhoods in the city.

The Fair Housing Commission, recently established by ordinance to investigate discrimination in housing and to advance the City's goals in equal housing opportunity, makes all housing activities and efforts sensitive to fair shares for minority households and to policies that inhibit access to housing.

The Assessing Department, with statutory discretion to abate property taxes under certain circumstances, has the power to waive the collection of delinquent taxes on tax-foreclosed properties, thereby facilitating initiatives of NDEA's Division of Housing to convert such properties to homesteads within the affordability of prospective homesteaders. Moreover, completion of the revaluation of the city's real estate by the Office of Property Equalization (OPE) and transfer of OPE's records to the Assessing Department makes the latter agency an important source of information on the city's housing stock, including relevant data on housing conditions that can be useful for the formulation and implementation of housing policy and programs.

Despite the existence of so many housing agencies, as a particular crisis develops or there is an immediate need for a new initiative, the City has turned to special commissions or housing task forces for guidance and recommendations.* Housing initiatives that are finally taken often emerge without a clear understanding of their command origins and participating agencies are not always certain of their respective roles and relationships.

The jurisdiction and missions of City housing agencies are not clearly identified or defined. There is both geographical and functional overlapping. For example, although NDEA is officially designated as the community planning and development agency, the Boston Redevelopment Authority continues to carry out housing rehabilitation activities in such urban renewal project areas as Charlestown, the Fenway, the Highland Park and Kittredge Square areas of Roxbury and the South End. Through its role in mixed use development, e.g., Copley Place, the BRA is responsible for all phases of such projects, including the residential components and the use of UDAG loan repayments for the

* Mayor's Committee on Rent Control, Report of the Mayor's Committee on Rent Control, submitted to Mayor, City of Boston, September, 1977; Mayor's Special Commission on Housing, Report of the Mayor's Special Commission on Housing, May 26, 1981.

development of the residential parcels. Under contract with the Massachusetts Port Authority, the BRA has undertaken responsibility for planning the mixed-use project on the East Boston waterfront, which will have substantial residential development.

Although there has been a kind of informal understanding that the BRA's geographic jurisdiction covers central Boston as far west as Massachusetts Avenue, this simple division of turf has not always been followed in actual practice.

As a result there is inconsistency in agency housing policies. The property disposition policies of the Real Property Department and the sale/demolition policies of the Public Facilities Department may be at odds with the objectives and needs of NDEA's Division of Housing. A complex, inordinately long tax-foreclosure process involving several agencies and many actors discourages community groups and non-profit agencies interested in converting abandoned property to rehabbed housing. The auction processes of these two departments, which are usually bound by the highest bid (to recover back taxes and liens) and an understandable zeal for restoring property to the tax rolls as quickly as possible, may not produce for a neighborhood what it desires and/or needs in housing.

The Inspectional Services Department is on the periphery of housing policy formulation and implementation although its statutory mandate is critical for the maintenance and preservation of housing. It relies mainly on complaint inspections to enforce the State Sanitary Code. It provides periodic information on the location of abandoned, vacant buildings. But despite its prior heavy involvement in the Federally-Assisted Code Enforcement (FACE) Program, there seems to be little evidence that the Inspectional Services Department is carrying out areawide inspections to protect public investments in new or rehabilitated housing as part of a comprehensive housing strategy. NDEA's Division of Housing (DOH) has an inspectional staff (rehab specialists) who provide leased housing and rental assistance inspections for the BHA,

do specialized housing condition surveys, and carry out other ad hoc inspectional assignments. Long overdue is a clarification of the respective missions and relationships of the Inspectional Services Department and DOH based on their respective roles in current housing strategy.

Thus public accountability in Boston for housing production, maintenance, rehabilitation, regulation and financing is widely dispersed, and the longstanding management principle of combining decision-making authority with accountability is sorely lacking. A cacophony of voices in housing rather than a single spokesperson on housing in the City administration has emerged from the current pattern of agency fragmentation.

To achieve greater coherence in the formulation and implementation of housing policy and more effective housing program coordination, the City needs a new housing mechanism with existing and new sources of required powers lodged in a Housing and Development Department under a single administrator. The proposed new agency, following the blueprint recently designed by the Citizens Housing and Planning Association, would be responsible for the following housing and community development functions: public housing, community development and private housing, economic development, regulation of the construction and alteration of buildings and regulation of land use and development, and public facilities. Resident input would be encouraged through the inclusion of a top-level planning and design review commission, a public housing advisory board and a network of community councils.

The current independent status of both the Fair Housing Commission and the Rent Equity Board would be retained, while important institutional linkages to such public-private arrangements as the Housing Partnership, Neighborhood Housing Services and the new Housing Neighborhood Trust are clearly delineated in the recommended organizational model.

There is a wide gap between housing needs and resources to meet such needs. Below is a summary of readily identifiable commitments of funds to housing and suggestions for generating additional sources of funds.

Currently available and projected neighborhood housing funds for the 1984 fiscal year include:

- | | | |
|----|--|--|
| 1. | Increased CDBG allocations to housing,
additional Section 312 funds from HUD
for housing rehabilitation, and UDAGs
from HUD for housing | \$16.7 million
(increase of
\$7.5 million over
FY 1982 total) |
| 2. | Partial proceeds from sale of four
City-owned garages | \$5-10 million |
| 3. | Sale of BRA-owned properties
(Arlington/Hadassah parcel in Park Square
and Parcel 7 near Government Center) | \$2.6 million |
| 4. | Annual payments from proceeds of UDAG
repayments for neighborhood housing and
BRA property leases for below-market
rate housing | \$900,000 |

The available pool of funds to finance new and expanded neighborhood housing initiatives may be increased significantly by implementing one or more of the following options:

1. Immediate action by the City's Zoning Commission to adopt an interim development impact fee of \$5.00 per square foot for projects in excess of 100,000 square feet requiring zoning relief, in accordance with recommendations of the BRA, and subsequent action by the City Council submitting a Home Rule Petition authorizing a neighborhood impact excise applicable to all projects in excess of 100,000 square feet, not only those requesting zoning relief: linkage fees and excises will generate an average annual yield of \$3.7-\$5.2 million.
2. Legislative revision of the appropriate provisions of Chapter 121A of the General Laws to authorize payments in lieu of taxes equivalent to ad valorem taxes for property owned by qualifying Public Service Corporations, and dedication of a definitive proportion of such payments to the Neighborhood Housing Trust.
3. Dedication to the Neighborhood Housing Trust of a definitive and significant proportion of the excess proceeds from future sales of City-owned assets and BRA-owned properties and from repayments of UDAG loans and lease payments for City-owned and BRA-owned properties, subject to the legal limits on appropriations and housing purposes established in the ordinance authorizing contributions to the Neighborhood Housing Trust from the City's General Fund. (This was a recommendation in the recent Linkage Report to the Mayor.)

4. Actions by NDEA to make larger amounts of CDBG funds available for neighborhood housing:
 - a. Increasing the annual allocation for housing from CDBG funds from the level of 55 percent to 66-2/3 percent, thereby raising an additional \$3 million a year for housing purposes.
 - b. Instituting more effective cash management of NDEA's idle resources and reevaluating prior projects with outstanding encumbrances and unliquidated reserves which can be cancelled and shifted to other needs. (This could generate several million dollars for neighborhood housing purposes.)
5. An aggressive City policy to encourage non-profit housing development agencies to submit housing rehab proposals to the Massachusetts Land Bank that meet Land Bank criteria, thereby taking greater advantage of the Bank's current pool of \$3 million that can be co-mingled with other resources to recover a much larger proportion of the 5000 tax-delinquent buildings in Boston. (There are only five Land Bank projects underway in Boston.) To assist City officials in this expansion effort, the State Department of Revenue must speed up approval of proposed tax abatements on the affected properties.
6. An intensive planning effort by NDEA to take early and full advantage of the new rental housing provisions of the federal housing act, enabling legislation that could mean \$4-5 million dollars for Boston to build and rehabilitate 400-500 rental units. If these additional federal funds are used to leverage other public and private sources, this seed money might add or restore up to 2000 rental units to the City's housing stock.

